

December 13, 2021

**VIA HAND DELIVERY**

Initiative Coordinator  
Office of the Attorney General  
1300 "I" Street, 17th Floor  
Sacramento, CA 95814

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**DEC 20 2021**

INITIATIVE COORDINATOR  
ATTORNEY GENERAL'S OFFICE

Re: Submission of Amendment to the "Housing Affordability and Financial Accountability Act of 2022," No. 21-0040, and Request to Prepare Circulating Title and Summary

Dear Initiative Coordinator:

On November 12, 2021, I submitted a proposed statewide initiative titled the "Housing Affordability and Financial Accountability Act of 2022" ("Initiative") and submitted a request that the Attorney General prepare a circulating title and summary pursuant to section 10(d) of Article II of the California Constitution.

Pursuant to Elections Code section 9002(b), I hereby submit timely amendments to the text of the Initiative. As the proponent of the Initiative, I approve the submission of the amended text to the Initiative and I declare that the amendment is reasonably germane to the theme, purpose, and subject of the Initiative. I request that the Attorney General prepare a circulating title and summary using the amended Initiative.

Please direct all correspondence and inquiries regarding this amended measure to:

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Sincerely,



Amie Fishman

Enclosures  
(00454111)

**THE AFFORDABLE HOUSING AND FINANCIAL ACCOUNTABILITY ACT OF 2022**

This initiative measure is submitted to the people in accordance with the provisions of Section 8 of Article II of the California Constitution.

This initiative measure amends sections of the California Constitution; therefore, existing provisions proposed to be deleted are printed in ~~strikeout type~~ and new provisions proposed to be added are printed in *italic type* to indicate that they are new.

**SECTION 1. Title.**

This act shall be known and may be cited as the Affordable Housing and Financial Accountability Act of 2022.

**SEC. 2. Findings and Declarations.**

The People of the State of California find and declare all of the following:

(a) When Californians have access to safe, healthy, energy-efficient, and affordable housing, they have more resources for food and health care; they are less likely to become homeless or need government-subsidized services; their children do better in school; and businesses have an easier time recruiting and retaining employees. Safe, stable homes are the foundation for strong communities.

(b) California has the opportunity to invest in solutions at the scale needed to address the historic housing supply and affordability crisis.

(c) According to the California Housing Partnership, which convened researchers from across the state to look at this question, the state needs to create approximately 2.65 million new homes by 2030, of which 1.2 million must be affordable to lower income households.

(d) As a result of this shortfall in housing supply, 2.4 million low-income households in California spend more than 30% of their income on housing, and over 1.5 million spend more than 50% of their income on housing, which is why California has the highest poverty rate in the nation when housing costs are included.

(e) The housing crisis is causing enormous upheaval and displacement of previously stable communities as low- and middle-income families and first-time home buyers are forced to relocate to more affordable areas, which are typically further from job centers, resulting in longer and more expensive commutes, disruptions in family life, lack of access to good schools and health care, and negative environmental impacts.

(f) The lack of affordable homes is further contributing to a crisis of homelessness. According to the most recent estimates, over 161,000 Californians are currently homeless, representing 27% of the total homeless population in the country. Of California's homeless population, 72% is unsheltered and 15% includes families with children. Moreover, Black and

African American Californians disproportionately experience homelessness, accounting for about 13% of the state's population but almost 40% of the homeless population.

(g) The lack of affordable homes in the state is a critical problem that threatens the economic and social well-being of all Californians, as it compounds existing problems of inequality and limits advancement opportunities for those who need them most.

(h) Existing older properties that may be more affordable tend to be so due to disrepair and energy inefficiency, costing residents more to live and subjecting children and seniors to poor indoor air quality.

(i) The state's failure to effectively and aggressively confront the housing crisis is hurting millions of Californians by worsening poverty and homelessness, stifling economic opportunities, and undermining the state's environmental and climate objectives. To recover from this crisis and make sure that California is resilient enough to face the future, we need to invest in housing. It's up to us to build the future we want for California — one where people have stable homes and are free to pursue their dreams, raise their families, and keep California thriving. Without a safe, stable place to call home, a future in California will be out of reach for the next generation.

(j) Existing funds and funding sources are woefully inadequate to finance the quantity of affordable housing projects that are currently needed in order to meaningfully address the ongoing housing crisis. We need to invest in the future of our neighborhoods so that families today and the next generation can have a decent place to live. Building a diverse mix of housing across California helps us create stronger and more vibrant and resilient communities.

(k) It is the intent of the People of the State of California in enacting this measure to do all of the following:

(1) Authorize local jurisdictions to issue bonds to unlock new and significant funding sources for the creation of affordable housing for low- and middle-income families, first-time home buyers, and vulnerable populations such as seniors, youth, veterans, and people who are disabled or homeless.

(2) Provide for local control, allowing local communities to tailor their plans to use the bond proceeds based on their local housing needs, including building new homes, renovating older ones, improving energy efficiency and indoor air quality, helping people who need it pay their rent as well as take care of maintenance and repair costs, and other means of ensuring that people have access to safe and affordable housing.

(3) Ensure that the expenditure of funds is subject to vigorous oversight by imposing accountability requirements such as annual independent financial and performance audits and a certification that the local government has assessed local housing needs in considering which affordable housing projects to fund.

(4) Provide the tools for local communities to invest in housing; leverage local, state, federal, and private funds, including matching funds; and improve housing affordability, access, and stability.

SEC. 3. Section 1 Article XIII A of the California Constitution is amended to read:

SECTION 1. (a) The maximum amount of any ad valorem tax on real property shall not exceed One percent (1%) of the full cash value of such property. The one percent (1%) tax to be collected by the counties and apportioned according to law to the districts within the counties.

(b) The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any of the following:

(1) Indebtedness approved by the voters prior to July 1, 1978.

(2) Bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition.

(3) Bonded indebtedness incurred by a school district, community college district, or county office of education for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, approved by 55 percent of the voters of the district or county, as appropriate, voting on the proposition on or after the effective date of the measure adding this paragraph. This paragraph shall apply only if the proposition approved by the voters and resulting in the bonded indebtedness includes all of the following accountability requirements:

(A) A requirement that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3), and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

(B) A list of the specific school facilities projects to be funded and certification that the school district board, community college board, or county office of education has evaluated safety, class size reduction, and information technology needs in developing that list.

(C) A requirement that the school district board, community college board, or county office of education conduct an annual, independent performance audit to ensure that the funds have been expended only on the specific projects listed.

(D) A requirement that the school district board, community college board, or county office of education conduct an annual, independent financial audit of the proceeds from the sale of the bonds until all of those proceeds have been expended for the school facilities projects.

*(4) Bonded indebtedness incurred by a local government for the rehabilitation, renovation, construction, furnishing, or equipping of, or the acquisition or lease of real property for, affordable housing; for capitalized reserves for affordable housing; for rental assistance; or for other housing or homelessness-prevention services. This paragraph shall apply only if the proposition approved by the voters and resulting in the bonded indebtedness includes all of the following accountability requirements:*

*(A) A requirement that the proceeds from the sale of the bonds be used only for the purposes specified in this paragraph and not for any other purpose.*

*(B) A list of the types of housing projects to be funded or other allowable uses of the bond proceeds, and a certification that the local government incurring the bonded indebtedness has assessed local housing needs in developing the list.*

*(C) A requirement that the local government incurring the bonded indebtedness conduct annual, independent financial and performance audits until all bond proceeds have been expended to ensure that the funds have been expended only for the purposes identified in this paragraph.*

(c) (1) Notwithstanding any other provisions of law or of this Constitution, school districts, community college districts, and county offices of education may levy a 55 percent vote ad valorem tax pursuant to subdivision (b).

(2) Notwithstanding any other provisions of law or of this Constitution, a local government that has the authority to levy an ad valorem tax on real property, or the electors of such a jurisdiction by initiative, may levy a majority vote ad valorem tax on real property pursuant to paragraph (4) of subdivision (b).

(d) For purposes of this section, "local government" has the same meaning as provided in subdivision (b) of Section 1 of Article XIII C.

(e) The amendments made to this section by the measure adding this subdivision shall apply to any local measure levying an ad valorem tax on real property to pay the interest and redemption charges on bonded indebtedness for the purposes described in paragraph (4) of subdivision (b) that is submitted to the voters at the same election as the measure adding this subdivision or at any subsequent election.

SEC. 4. Section 18 Article XVI of the California Constitution is amended to read:

SEC. 18. (a) No county, city, town, township, board of education, or school district, shall incur any indebtedness or liability in any manner or for any purpose exceeding in any year the income and revenue provided for such year, without the assent of two-thirds of the voters of the public entity voting at an election to be held for that purpose, except that with respect to any such public entity which is authorized to incur indebtedness for public school purposes, any proposition for the incurrence of indebtedness in the form of general obligation bonds for the purpose of repairing, reconstructing or replacing public school buildings determined, in the manner prescribed by law, to be structurally unsafe for school use, shall be adopted upon the approval of a majority of the voters of the public entity voting on the proposition at such election; nor unless before or at the time of incurring such indebtedness provision shall be made for the collection of an annual tax sufficient to pay the interest on such indebtedness as it falls due, and to provide for a sinking fund for the payment of the principal thereof, on or before maturity, which shall not exceed forty years from the time of contracting the indebtedness.

(b) Notwithstanding subdivision (a), on or after the effective date of the measure adding this subdivision, in the case of any school district, community college district, or county office of education, any proposition for the incurrence of indebtedness in the form of general obligation bonds for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, shall be adopted upon the approval of 55 percent of the voters of the district or county, as appropriate, voting on the proposition at an election. This subdivision shall apply only to a proposition for the incurrence of indebtedness in the form of general

obligation bonds for the purposes specified in this subdivision if the proposition meets all of the accountability requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIII A.

*(c) (1) Notwithstanding subdivision (a), on or after the effective date of the measure adding this subdivision, any bond measure, including an initiative bond measure, requiring voter approval for the incurrence of indebtedness in the form of general obligation bonds for the rehabilitation, renovation, construction, furnishing, or equipping of, or the acquisition or lease of real property for, affordable housing; for capitalized reserves for affordable housing; for rental assistance; or for other housing or homelessness-prevention services that complies with the requirements of paragraph (4) of subdivision (b) of Section 1 of Article XIII A shall be adopted upon the approval of a majority of the voters of the jurisdiction of the local government voting on the bond measure at an election.*

*(2) The adoption by the voters of a bond measure pursuant to this subdivision, or the adoption by the voters of an ad valorem property tax measure pursuant to paragraph (2) of subdivision (c) of Section 1 of Article XIII A, shall be deemed to satisfy the requirements of Article XXXIV.*

*(3) This subdivision shall apply to any local measure for the incurrence of bonded indebtedness for the purposes described in paragraph (1) that is submitted to the voters at the same election as the measure adding this subdivision or at any subsequent election.*

*(e)*

*(d) When two or more propositions for incurring any indebtedness or liability are submitted at the same election, the votes cast for and against each proposition shall be counted separately, and when two-thirds or a majority or 55 percent of the voters, as the case may be, voting on any one of those propositions, vote in favor thereof, the proposition shall be deemed adopted.*

#### SEC. 5. Conformity.

The Legislature shall conform all applicable laws to this act. Until the Legislature has done so, any statutes that are affected by this act shall be deemed to have been conformed with the majority vote requirements of this act.

#### SEC. 6. Severability.

The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

#### SEC. 7. Conflicting Ballot Measures.

(a) In the event that this measure and another measure addressing the authority of local government agencies to levy an ad valorem property tax pursuant to Section 1 of Article XIII A of the California Constitution or to incur bonded indebtedness pursuant to Section 18 of Article XVI of the California Constitution shall appear on the same statewide election ballot, the provisions of the other measure shall be deemed to be in conflict with this measure. If this measure receives a greater number of affirmative votes than a measure deemed to be in conflict

with it, the provisions of this measure shall prevail in their entirety, and the provisions of the other measure shall be null and void.

(b) If this measure is approved by the voters but superseded in whole or in part by a conflicting measure approved by the voters at the same election, and the conflicting measure is later held to be invalid, this measure shall be self-executing and given full force and effect.